

## Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 EB-08 FEA-01 ERDA-05 AID-05 CEA-01  
CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05  
L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06  
SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /100 R

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APPROVED BY EUR/SOV:MGARRISON

EUR/SOV:WHEDGAR

EB/FSE:MCREEKMORE

INR/REC:MKOHN

-----220421Z 058169 /20

P 212339Z APR 77

FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW PRIORITY

C O N F I D E N T I A L STATE 090603

E.O. 11652: GDS

TAGS: EEWT, ENRG, UR, US

SUBJECT: CIA REPORT ON SOVIET OIL

1. ON APRIL 18 WHITE HOUSE RELEASED TO PRESS  
UNCLASSIFIED CIA STUDY ENTITLED, "THE INTERNATIONAL  
ENERGY SITUATION: OUTLOOK TO 1985." STUDY CONCLUDES  
THAT THE WORLD DEMAND FOR CRUDE OIL WILL SUBSTANTIALLY  
EXCEED PRODUCTION CAPACITY BY 1985. PART OF BASIS FOR  
THIS CONCLUSION IS CIA ESTIMATE THAT BY 1985 SOVIET  
UNION WILL CHANGE FROM EXPORTER TO SUBSTANTIAL IMPORTER  
OF OIL.

2. CIA STUDY SAYS THE FOLLOWING ABOUT OIL IN USSR:  
"THE SOVIET OIL INDUSTRY IS IN TROUBLE. SOVIET OIL  
PRODUCTION WILL SOON PEAK, POSSIBLY AS EARLY AS NEXT  
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YEAR AND CERTAINLY NOT LATER THAN THE EARLY 1980'S.  
THE MAXIMUM LEVEL OF OUTPUT IS LIKELY TO BE BETWEEN  
11 AND 12 MILLION B/D -- UP FROM THE 1976 LEVEL OF  
10 MILLION B/D -- BUT IT IS NOT LIKELY TO BE LONG  
MAINTAINED, AND THE DECLINE, WHEN IT COMES, WILL BE  
SHARP." STUDY STATES THAT BEFORE 1985 SOVIETS WILL  
NOT ONLY BE UNABLE TO SUPPLY EASTERN EUROPE AND

WESTERN MARKETS WITH OIL AT PRESENT LEVELS, BUT ALSO  
WILL HAVE TO COMPETE FOR OPEC OIL FOR ITS OWN USE.

STUDY ESTIMATES MINIMUM SOVIET/EE REQUIREMENT FOR  
IMPORTED OIL IN 1985 TO BE 3.5 MILLION B/D; MAXIMUM  
COULD BE 4.5 MILLION B/D.

3. CONTENTS OF CIA STUDY SUMMARIZED IN APRIL 19  
EDITION OF WASHINGTON POST. POST ARTICLE POINTS OUT  
THAT THERE IS CONSIDERABLE DISAGREEMENT WITHIN USG  
OVER WHETHER CIA ASSESSMENT IS CORRECT.

4. DEPARTMENT IS POUCHING COPY OF UNCLASSIFIED CIA  
STUDY AND POST ARTICLE. ASSUME EMBASSY HAS RECEIVED  
EARLIER CLASSIFIED CIA STUDY ENTITLED, "THE IMPENDING  
SOVIET OIL CRISIS."

5. REQUEST EMBASSY REPORT ANY PUBLIC OR PRIVATE SOVIET  
COMMENT ON CIA STUDY. EMBASSY'S OWN COMMENTS WOULD  
ALSO BE APPRECIATED.

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## Message Attributes

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**Review Markings:**  
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